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CURRENT INTELLIGENCE WEEKLY SUMMARY



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PART I

OF IMMEDIATE INTEREST

KHRUSHCHEV ASSUMES SOVIET PREMIERSHIP

Soviet party First Secretary Khrushchev, by assuming the premiership, has taken one of the final steps in negating completely the post-Stalin myth of collective leadership. He has apparently disregarded the risks of being accused of becoming a latter-day Stalin, and there appear to be no forces in the party presidium to stop him. As in Stalin's day, the personality of the leader will greatly affect Soviet policy. A Khrushchevian flavor is already apparent in virtually all aspects of Soviet domestic and foreign affairs. Khrushchev has gone far down Stalin's road. He has moved faster, but has not yet had to use terror.

Khrushchev's assumption of the premiership in addition to his duties as party first secretary may be explained in part by his desire to be recognized as the top Soviet government representative for purposes of high-level international negotiations. This alone, however, is probably insufficient reason for him to assume the additional burdens of office and the liabilities inherent in a further personal build-up. Khrushchev probably feels he can best run the show alone and that the Council of Ministers under Bulganin was a hindrance to putting his policies into effect rapidly. Similarly, he undoubtedly chafed under committee rule, considering it a system which was too cumbersome and produced too many compromise decisions for his impatient nature.

Khrushchev has indicated recently that he intends to rely more and more on the party at the expense of the government; this trend will undoubtedly continue despite his new day-to-day responsibilities as head of the government. He has shown phenomenal ability in the past to delegate authority and this practice will have to be expanded. The recent decentralization of state administration and the decrease in the size and authority of the Council of Ministers make the premiership somewhat less rigorous than it was under Stalin.

The composition of the Council of Ministers is almost certain to change. There have been indications that some ministers will not be reappointed at the Supreme Soviet session, and other shifts are likely to follow once Khrushchev is in his stride. The key posts of defense and foreign affairs, however, will probably not be affected.

The Supreme Soviet meeting was probably preceded by a party central committee plenum where changes in the party hierarchy as well as Bulganin's removal were approved. An official listing of party presidium members attending the Supreme Soviet moves Pospelov from first among the candidates to last, replacing Pervukhin, who recently became Soviet ambassador to East Germany.

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A resolution will be read to the Supreme Soviet session that opened on 27 March stating that "the Soviet Union, from today, will stop all tests with nuclear weapons," according to the press. A unilateral suspension would be intended to put pressure on the Western powers to stop their tests without agreement on an inspection system for test suspension and to increase pressure on the United States for a summit conference.

The Soviet statement was preceded by a 14 March speech by Khrushchev and private diplomatic hints pointing to a unilateral Soviet suspension of both testing and production of nuclear weapons.

The tempo of Soviet testing since the first of January has been the highest observed in the history of the Soviet nuclear weapons development program, perhaps indicating an attempt to complete the present series of tests quickly in order to announce a test moratorium

at a time when the United States is about to begin a new test series.

Moscow probably believes the public impact of its demonstrations over the past six months in the field of weapons systems would eliminate any appearance of military weakness which might otherwise have been suggested by a unilateral suspension. Ambassador Thompson has noted recent references by Khrushchev to the dangers of radiation, which probably were psychological preparation for a Soviet announcement of unilateral suspension.

A major aim of such a Soviet announcement would be to undercut Western efforts to enforce a suspension of tests through an inspection system. Soviet leaders have always been wary of any form of inspection in the USSR yet probably anticipate that world opinion will eventually force some type of control if not suspension of tests. The Soviet action would have a heavy impact in Britain, where the Labor party is advocating a temporary test suspension and some of its members are publicly demanding a complete halt in nuclear weapons production.
(Concurred in by OSI)

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INDONESIA

Indonesian Government forces have secured the east coast of Central Sumatra, including the Caltex and Stanvac oil production areas, and are now moving overland toward the dissident centers of Padang and Bukittinggi. Dissident troops, which put up their chief resistance in these areas at river crossings, probably will continue to harass government forces at such points as the latter proceed westward. Dissident commander Lt. Col. Hussein's strategy allegedly is to conserve his forces' strength for a major defense effort in the west, where mountainous terrain will be more favorable to his troops.

The most serious clashes to date have occurred in North Sumatra. These followed the withdrawal of dissident units southward from Medan to Siantar and then toward Prapat, and the appearance of other dissident units from Tapanuli. The gov-

ernment claims substantial dissident surrenders. Insurgent forces are now returning to Tapanuli, and the Siantar-Prapat area appears to be under government control.

In North Celebes, a lull in military activity continues. Lt. Col. Somba, North Celebes dissident commander, has arranged an alliance with a guerrilla organization of some 300 men, and has recalled to service inactive and retired personnel of both the Indonesian Army and the former Royal Netherlands Indies Army.

In Djakarta, the government is preparing to submit for parliamentary approval a Chinese Communist agreement of \$20,000,000 which would provide for a textile factory, 20,000 tons of rice, and 70,000,000 yards of textiles. In view of present shortages in Indonesia, arrangements are being made for deliveries of the rice and

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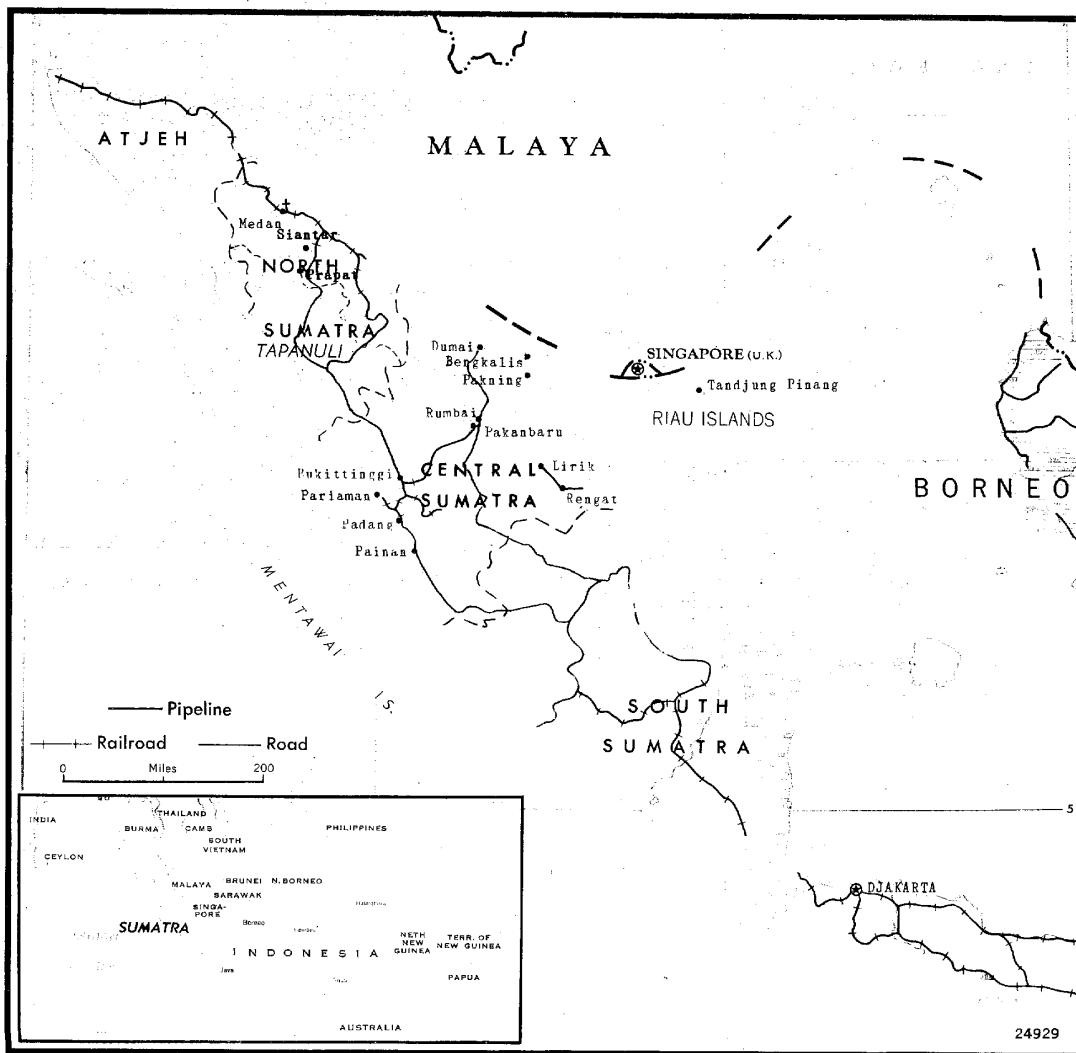
textiles before the loan agreement is finalized.

An Indonesian Foreign Ministry official has said he understands Russian officers will continue to serve on the merchant ships recently purchased from the Soviet Union until a sufficient number of Indonesians are qualified, and that the Russians will also instruct in the merchant marine school on the use of the vessels.

Increased Indonesian Communist party activity is re-

flected in an anti-US, anti-SEATO student demonstration at the American Embassy in Djakarta on 25 March, the appearance of anti-Western slogans on Djakarta streets, and a wave of anti-SEATO, noninterventionist petitions to the American Embassy from Communist-front groups. Although all activity thus far has been orderly, the Communists have the capability to inspire mass demonstrations which could easily get out of control.

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PART II

NOTES AND COMMENTS

FRENCH POLITICAL SITUATION

The month-long parliamentary recess beginning 28 March will give Premier Gaillard a respite but will not free him from rightist clamor on the Tunisian issue or from possible Socialist demands for concessions to labor, either of which might result in cabinet resignations and cause the downfall of his government. The Socialists and Independents are increasingly at odds as the campaign for the 20 April General Council elections in the departments develops.

Gaillard's most pressing problem is to avoid a showdown on Tunisia. Many Independents were determined to provoke a crisis on this issue, and both they and the Social Republicans have set up "watchdog" committees to function during the recess. Both parties have taken strong positions against any concessions to Tunisia on Bizerte, the airfields, or "neutrality" in the Algerian war, but they are following a wait-and-see strategy until Gaillard makes some definite response to the good offices proposals.

Meanwhile, a rash of 48-hour strikes is expected in early April among transportation, power, and postal workers. These labor disputes could seriously embarrass the government if the Socialists feel obliged to demand wage increases for labor. Gaillard has managed so far to maintain the major aspects of his austerity program.

The electoral campaign is deepening the rift between the wings of the coalition, particularly as pressure for working out deals for the 27 April run-offs aggravates political tensions. Socialist party Secretary General Guy Mollet has charged that the Independents' electoral program is directed principally against his party. He warns that if some local Independent leaders attempt to form run-off alliances with the Poujadists, the Communists will be provided with an opportunity to make an attractive offer to the Socialists for a united stand against a "fascist menace."

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NORTH AFRICAN PROBLEMS

Delegates of the dominant Moroccan Istiqlal and Tunisian Neo-Destour parties, and the Algerian National Liberation Front (FLN) will hold a congress on 27 April in Tangier with the objective of establishing the bases for a united Maghreb (North African federation) and of seeking the means to realize such a union. The delegates probably will also seek more

effective support for the Algerian rebellion. The creation of a united Maghreb is also viewed by these groups as a way to lure Algerian nationalists from Cairo's influence, as well as to maintain pressure on Rabat and Tunis to prevent conciliatory arrangements with Paris. The Algerian nationalists, who have intermittently debated the advisability of creating a

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government-in-exile, may hope that Morocco and Tunisia, which may have discouraged such an undertaking, can be maneuvered into sponsoring it in order to launch a united Maghreb.

Tunisian President Bourguiba is impatiently awaiting Paris' response to the latest good offices proposals for improving relations. He has indicated that he can make no more concessions and that if Paris does not endorse the proposal he will press for UN action. Gaillard has apparently been stalling for time until the National Assembly adjourns for the Easter recess on 28 March.

Despite assurances to the contrary, Bourguiba still fears the French military may attempt to reoccupy the country or that a French-backed coup may be attempted against him. The FLN has publicly declared that all its facilities would be placed at his disposal should hostilities break out with France.

In Algeria, Minister Lacoste has again declared that the battle of the Tunisian border is being won. While Lacoste has been optimistic regarding implementation of the new basic statute, he has set back from 1 April to July the date when appointive local councils are to be ready to assume responsibility. As watered down by successive amendments, the basic statute is unlikely to satisfy Algerian aspirations for first-class citizenship and responsibility for their own affairs.

In Morocco, pressure is being built up for a firmer posture toward France and Spain. When informed that France would withdraw 10,000 of its 40,000 troops in Morocco, Rabat indicated it expected a complete evacuation. Meanwhile, a new attempt may be made to reach an amicable settlement of Morocco's territorial dispute over Southern Morocco.

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SOVIET TACTICS ON THE GERMAN QUESTION

The Soviet Union, to intensify pressure on the West for a summit conference, is trying to create an impression of flexibility on the German question. Moscow is handicapped in this effort by its continuing opposition to German unification which, under any feasible scheme, would be less desirable in the Soviet view than the status quo. Moscow hopes to avoid summit discussion of this topic and instead has proposed discussing a German peace treaty at the summit. In its 19 March aide-memoire to Bonn, the USSR suggested that such a treaty be concluded with a delegation agreed upon by the East and West German governments.

The USSR's present suggestions resemble that country's tactics in 1952 before it acceded to Western insistence that free elections be the first step toward unification. A German peace treaty, proposed by Moscow as an agenda item in a note to the United States on 28 February, has been advertised by Soviet spokesmen as a move toward unification. The Soviet ambassador to Bonn has claimed that the peace treaty proposal was based on suggestions made by West German Bundestag President Gerstenmaier in discussions with Soviet officials.

The Soviet aide-memoire of 19 March denied that two separate German treaties would

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SECRET**EVOLUTION OF SOVIET PROPOSALS ON SUMMIT CONFERENCE**

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SOURCE	DATE	COMPOSITION	PRELIMINARY FOREIGN MINISTERS MEETING	AGENDA
10 December 1957 Letter to President Eisenhower	No mention	Calls merely for "meeting of the heads of government"	No mention	1) US, USSR, UK (a) ban use nuclear weapons, (b) suspend tests as of 1 January 1958 for 2-3 years. 2) atom-free zone in central Europe 3) NATO-Warsaw nonaggression pact 4) Middle East - agree not to infringe independence, no use of force 5) halt propaganda 6) restore normal trade 7) scientific, cultural, sports contacts 8) US-USSR treaty of friendship (USSR willing discuss questions other participants might find necessary) After confidence established: (A) cut armed forces and armaments (B) nuclear weapons: complete ban, stop manufacture, destroy stockpiles (C) withdraw foreign troops from NATO-Warsaw states (D) establish system collective security
8 January 1958 Letter to President Eisenhower	No mention	NATO and Warsaw states - also "some" neutrals - of paramount importance that talks be on highest level with participation of heads of government)	USSR against preliminary foreign ministers' conference (biased participants; might preclude summit meeting)	Proposals 1b, 2, 3, 5, and 6 above, and 9) reduction foreign forces in NATO-Warsaw states (also steps (A) thru (D) at future stage of negotiations)
8 January 1958 Proposals to NATO and India, Egypt, Sweden, Afghanistan, and Austria	Within 2-3 months	1) all NATO and Warsaw states with participation of such neutrals as India, Afghanistan, Egypt, Yugoslavia, Sweden, Austria, or 2) narrower composition: two or three from each grouping, or 3) US, USSR, and one neutral. "It goes without saying that questions directly relating to Communist China can be solved only with its participation"	Preliminary foreign ministers' conference would create obstacles to summit talks; hold such conference after (to draw up agreements reached at summit)	Proposals 1 through 7 and 9 above and: 10) measures to prevent unexpected attack; disarmament controls-control posts -800-kilometer zone aerial photography east and west of line dividing NATO and Warsaw states
1 February 1958 Letter to President Eisenhower	Agree first to hold summit conference - then procedural questions can be handled through diplomatic channels	No mention	Wish to avoid making summit conference conditional on outcome of foreign ministers' conference (biased participants, create obstacles to summit conference) - If agreement on holding summit conference reached, procedural questions can be settled through diplomatic channels	Proposals 1 through 6 and 9 and 10 above, and 11) (a) USSR ready to examine question of intercontinental rockets if West willing to agree to (b) ban atom and hydrogen weapons, (c) end tests and (d) liquidate foreign military bases USSR willing discuss other "constructive proposals" - all participants should be in full accord on necessity of considering such proposals (discussion of Security Council veto, Eastern Europe, and German unification ruled out)
28 February 1958 Aide-memoire to President Eisenhower	In the nearest future; time, place, definite composition, and agenda of summit conference to be determined by conference of foreign ministers	To be determined by foreign ministers' conference: possible, All NATO and Warsaw states and a number of neutrals, e. g., India, Afghanistan, Egypt, Sweden, and Austria	April 1958 - to be strictly limited to organizational questions - In a place acceptable to the other participants - same composition as summit conference, or, if narrower conference desired: US, UK, France, Italy, USSR, Poland, Czechoslovakia, Rumania, India, Yugoslavia, and Sweden. (But such possible limitation should in no way predetermine composition of summit conference)	Proposals 1 thru 6, 9, 10, 11 (points a and d only) and "other constructive proposals", ... also: 12) conclusion German peace treaty (with East and West German participation) 13) development personal contacts (discussion Eastern Europe and German unification ruled out) On 15 March 1958 USSR expanded this proposal to include: -ban on use cosmic space for military purposes, and rocket launching only under agreed international program; -elimination foreign military bases, primarily in Europe, Middle East, and North Africa -international control through UN of above obligations -UN agency for international cooperation in study of cosmic space
1 March 1958 Letter to Pineau	Suggested: June 1958 - firm agreement on date should be reached (in diplomatic talks in near future) before foreign ministers' conference	Parity basis - e. g., West: France, US, UK, Italy; East: USSR, Poland, Czechoslovakia, and Rumania and some neutrals mentioned in 8 January proposals (Sweden, Afghanistan, Austria, Yugoslavia, India)	Suggested: Geneva, April 1958 - in diplomatic talks in near future composition, time, and place of foreign ministers' conference could be determined as well as time of summit conference - foreign ministers' conference could prepare agenda and determine composition of summit conference	Issues should be included on agenda by mutual agreement - discussion of reunification of Germany in connection with atom-free zone and of cessation of manufacture of fissionable materials in connection with test ban ruled out
6 March 1958 Letter to President Eisenhower	To be determined by foreign ministers' conference - USSR favors "early convocation in accord with the aspirations of all nations"	To be determined by foreign ministers' conference	Some questions involved could be settled through diplomatic channels - but USSR ready to meet US suggestions on foreign ministers' conference half way - it could be called in April to draw up agenda and determine composition, time, and place of summit conference	Proposals 8, 11 (points (a) and (d) only), 12 and 13 - USSR prepared at any time to sign agreement on point (B) above "with appropriate international control". prepared to discuss other constructive proposals, ... (but none which fall in province of internal affairs of other states - e. g., Eastern Europe and German unification) - also: 14) ways of strengthening UN (but not giving up Security Council veto)
14 March 1958 Letter to Macmillan	No specific mention	No mention	Suggested: April - limited to determining agenda, composition, time, and place of summit conference	Proposals of 8 January 1958 - also: 11 (a and d), 12, 13, 14 and "other constructive proposals" - still unwilling to discuss Eastern Europe, German unification, elimination of Security Council veto
24 March 1958 Aide-memoire to President Eisenhower	No specific mention	No mention	Same as 14 March 1958 note to Macmillan (above)	Proposals identical to those mentioned in 28 February 1958 aide-memoire

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be necessary or that a confederated German state must first be formed to negotiate the treaty. Yet Moscow continues to oppose German reunification, a step which would be necessary before a peace treaty could take effect. Further, Moscow would insist, as in the past, on an advance pledge of neutrality for a reunified Germany. For this reason, the proposal for a peace treaty as a topic for discussion at the summit has had a negative response in West Germany.

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SOVIET STEEL INDUSTRY

The Soviet steel industry will probably be able to achieve an annual production of 100,000,000 to 120,000,000 metric tons of crude steel in about 15 years, as proposed late in 1957 by Khrushchev. The Soviet goal is equivalent to about 90 percent of present US capacity. Construction plans will probably not be fully met in 1958 and 1959, but by the end of 1960 the effects of inadequate investment in the past, particularly in iron ore mining, will probably be largely overcome.

Although efforts have been made over the years to balance the growth of all parts of ferrous metallurgy, Soviet planners have at the same time insisted on greater steel output without providing the necessary investment. This policy was reflected in the Fifth Five-Year Plan (1951-55) when crude and finished steel production exceeded goals, but nearly all other targets in ferrous metallurgy were missed. The problem was not openly aired until the 20th party con-

gress in February 1956, when a behind-the-scenes struggle between the technologists administering ferrous metallurgy and the planners emerged.

The decision in late 1956 to accept a limited increase in production while concentrating capital and material resources on eliminating the imbalance has resulted in lower

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USSR: CAPACITY INCREASES IN IRON AND STEEL INDUSTRY
MILLIONS OF METRIC TONS

TYPE OF CAPACITY	1956		1957		1958	1959	ORIG. 6TH 5-YR PLAN
	PLAN	ACTUAL	PLAN	ACTUAL	PLAN	PLAN	
ORE MINING & PROCESSING	-	-	20.0	7.0 EST.	10.0	24.7	84.0 *
BLAST FURNACE	2.4	1.0	2.1	2.1	4.7	7.1	16.8
STEELMAKING	2.8	1.4	3.0	2.1 EST.	2.5	-	15.8

* May have been raised to 91,000,000 tons.

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growth rates for steel production and made the ferrous metallurgy goals of the Sixth Five-Year Plan (1950-60) unattainable. Goals more consistent with 15-year targets are expected in the upcoming Seven-Year Plan.

In 1957 the planners scheduled production increases smaller than in 1956, and this year's plan calls for still more modest

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production increases. Plans for the construction of new capacity during 1958 and particularly 1959 indicate a continuing effort to balance segments of the industry by concentrating on expansion of the industry's raw material base.

The USSR's crude steel output last year, second largest in the world, was up 5 percent from 1956, which compares with rises of 4 percent in West Germany and 5 percent in Britain

and a 2-percent drop in the United States. Soviet crude steel production during the first quarter of 1957 was 44 percent of that of the United States but is expected to rise to 73 percent in the first quarter of 1958, principally as a result of the reduced American production rate. In crude steel production capacity, however, the Soviet industry grew by 5 percent in 1957 and the American by over 9 percent.

(Prepared by ORR)

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HUNGARY RESUMES MEASURES AGAINST "COUNTERREVOLUTIONARIES"

After a short lull, the Hungarian regime in recent weeks has returned to the practice of holding secret trials of "counterrevolutionary criminals" and publicizing the sentences in a final effort to dispose of the remaining cases of persons active in the 1956 revolt and suspected sympathizers. Its policy has been to punish such elements severely.

The minister of justice has ordered that trials be speeded up. Two leaders of the important Csepel Island group of revolutionaries were recently put to death, after the Supreme Court reversed its original action commuting their death sentences; nine other Csepel workers reportedly have been hanged recently. In the provincial city of Szeged in southern Hungary, ten defendants received sentences ranging from two years' imprisonment to long prison terms and death. A writer, Andras Sandor, received a somewhat moderate sentence of eight years on charges of organizing a national committee in Sztalinvaros and inciting the populace against the security police and the USSR. Finally, the trial of Sandor Racz

and Sandor Bali--leaders of the important central revolutionary workers' council--is expected "momentarily" in Budapest.

This wave of trials succeeds a period of relative calm following the confirmation of Janos Kadar as party first secretary and the elevation of Ferenc Muennich to the premiership on 27 January--a lull which may have been intended to get the "new" regime off to a good start. The regime, however, never relaxed its intention to wreak vengeance on its opponents--as indicated by statements of both Kadar and Muennich--and it is currently conducting a purge of the legal profession to ensure rigorous fulfillment of its objectives.

Sporadic deportations from Budapest to the provinces are continuing as a convenient way of getting rid of individuals who showed any sympathy for the revolution. Some workers have been dismissed from their jobs as "unreliable," according to the official trade union newspaper. Finally, as a minor form of harassment, a number of Budapest residents have had their driver's licenses canceled,

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apparently because of political unreliability.

The regime has not yet indicated its intentions concerning former Premier Imre Nagy and his colleagues, still interned in Rumania, but it has indicated an intention to call revolutionary hero General Pal Maleter to account. Public statements relating to Nagy suggest that no final decision has been reached on his fate, although the campaign against

"revisionism" has been pressed with considerable vigor. The Nagy case is connected with bitter factional strife within the Hungarian party, [REDACTED]

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[REDACTED] In any case, the timing and procedures used in the Nagy case will be decided in relation to Moscow's estimate of international repercussions. [REDACTED]

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CZECHS MOVING TOWARD COMPLETE COLLECTIVIZATION OF AGRICULTURE

The Czech regime's recent action requiring settlement by the end of March of arrears in compulsory deliveries of agricultural produce appears to signal the reopening of the collectivization campaign, which in 1958 should bring Czechoslovakia close to total agricultural socialization. Last fall the government decreed that private peasants and agricultural cooperatives would have up to 1960 to liquidate debts in installments. Moving up the deadline to the end of March this year will place the heaviest burden on those with farms of 12 to 50 acres, which make up the major portion of the remaining private holdings. This action will provide a powerful lever for forcing private farmers into collectives, if they do not meet back deliveries, which in many cases will be impossibly high.

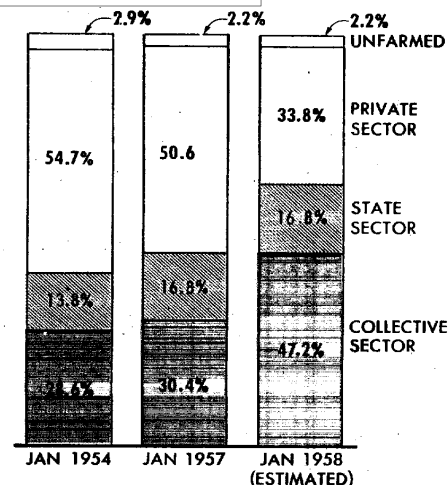
The regime has also raised 1958 compulsory delivery quotas

for all farmers, with the greatest demands falling on private peasants with small holdings of up to 12 acres, and is requiring those factory workers who operate small farms to make deliveries to the state for the first time since 1953.

These actions provide a legal means for expropriating the land of private farmers and a method for combating inflation in the countryside. Last year the government was forced to pay higher prices for produce because farmers held back compulsory deliveries. Now, those who manage to eke out payments will be left with little more than enough to meet expenses.

The socialist sector, which comprised 44 percent of all agricultural land at the beginning of 1957, reached 65 percent by the end of the year. Collectivization goals were raised repeatedly, and an

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DISTRIBUTION OF AGRICULTURAL LAND**

* INCLUDES STATE FARMS AND OTHER STATE-OWNED PROPERTY
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intensified collectivization drive reduced the area of agricultural land in the private sector by one third. Should this year's drive be pushed equally hard, as the US Embassy

believes it will be, well over 80 percent of the agricultural land could be socialized, and Czechoslovakia, with Bulgaria, would then approach the Soviet standard of complete socialization.

While officials contend that production goals for the Second Five-Year Plan (1956-60) can be met only if all land is socialized, collectivization generally results in at least temporarily lowered agricultural production. Underfulfillment of last year's plan for agricultural output can in part be ascribed to the fact that land was collectivized faster than mechanized farm equipment was made available. Collectivization also caused many farm workers to migrate to cities. With insufficient machinery and a reduced agricultural labor force, production goals for 1958 will be extremely difficult to achieve. (Prepared by ORR)

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PEIPING ELICITS PLEDGES TO MEET EXTRAVAGANT ECONOMIC GOALS

Peiping, in a far-reaching campaign to achieve levels of production greatly in excess of those now planned, is encouraging ministries, localities, and enterprises to make extravagant pledges. The campaign goes far beyond a normal exercise in socialist competition and will probably result in some upward revisions in official targets for both 1958 and the Second Five-Year Plan (1958-62).

The extent to which industrial targets have been raised is reflected in a suggestion from Peiping that the gross value of industrial production this year might rise by as much as 33 percent over last year, as com-

pared with the 14.6-percent increase called for in the 1958 plan approved last month. Construction schedules have been speeded, and a number of industries which were called on late last year to pass Great Britain in output in about 15 years are now pledging to do it in five or ten.

An "overwhelming majority" of the nation's counties now plan to fulfill five years ahead of schedule the main targets of the 12-year agricultural development program, just revised late last fall. Over 764 counties and cities, farming 30 percent of China's cultivated land, have undertaken to reach the

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program's 12-year grain yield goals this year, and 115 other counties and cities have promised to meet the program's cotton yield goals in 1958. An official of the Ministry of Agriculture comments that if these pledges are fulfilled and other areas follow suit, China's agricultural output will increase by "more than 10 or even 20 percent a year," as against the average annual rate of only 3 or 4 percent in the past five years.

Peiping hopes to attain a sizable portion of the increases in industrial production by pressing plants to produce more at less cost. At the same time heavy reliance is being placed, both for 1958 and the future, on small and medium enterprises at the local level. Peiping first began to explore the potentialities of such enterprises a year ago and has given them new emphasis in the present campaign. Industrial ministries are drawing up "standardized blueprints" for local use. Peiping has expressed the hope that every county in the nation will establish "substantial numbers" of enterprises which would use a minimum of state funds but would still increase industrial production by "leaps and bounds."

Peiping has admitted there is some opposition to the program and has called present discussions of the problems in government offices and production centers a "severe struggle between progressive and backward views." Those opposed to rapid achievement of higher production targets--among both managerial personnel and the workers--have argued that "human working ca-

capacity has its limitations" and pointed out that not every worker can meet Stakhanovite standards. While some party leaders probably sympathize with this view, they are not openly questioning the new line. The Chinese Communists are building a strong head of political pres-

COMMUNIST CHINA: PLEDGED PLAN OVERFULFILLMENT
(MILLION METRIC TONS, EXCEPT AS NOTED)

	1958		1962	
	PLANNED	PLEDGED	PLANNED	PLEDGED
STEEL	6.25	7.0	12.0	15-16
COAL	150.7	168.0	230.0	300.0
CHEMICAL FERTILIZERS	1.2	—	5-7	10.0+
ELECTRIC POWER BILLION KWH	22.45	24.6	44.0	50.0
HOGS MILLION HEAD	150.0	250.0	220.0	—
SUGAR	1.01	1.6	2.40-2.50	7.0

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sure behind their effort to meet raised production goals, and the regime will probably succeed in developing the proper "enthusiasm," even among confirmed skeptics.

There is little evidence that the planning commissions in Peiping have successfully blended the extravagant and often contradictory output pledges into a balanced plan, in order to avoid the serious competition for scarce funds and raw materials which occurred during the last great upsurge in 1956. When this is done, some of the more grossly inflated goals now proposed will have to be modified, especially since they are predicated on wildly optimistic increases in agricultural output. The net result will probably be some upward revision in the official plans both for 1958 and the Second Five-Year Plan. (Prepared by ORR)

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JAPAN - NATIONALIST CHINA RELATIONS

The impasse between Japan and Nationalist China continues over whether the Chinese Communists are to be allowed to fly their flag over a projected trade mission in Tokyo. The Japanese have proposed sending a special representative of Prime Minister Kishi to Taipei to explain the government's position regarding the private trade agreement recently concluded with Peiping, but the Nationalists have indicated that the representative would be welcome only if he brought a satisfactory statement regarding the flag issue.

The Japanese appear to be attempting to find a formula which, while it indicates government approval of the privately negotiated trade agreement, would satisfy Taipei on the flag issue. Nationalist Foreign Minister Yeh has strongly denounced a Kishi statement to the effect that Japan would not take cognizance of any Chinese Communist flag flown in Japan.

The Nationalists have already broken off trade relations with Japan and may take additional measures designed to force the Japanese Government

to disapprove flying the Communist flag. Demonstrations may be organized and possible action against the Japanese Embassy in Taipei may occur if these get out of hand. Another measure might be promotion of an Overseas Chinese boycott of Japanese goods, which in the opinion of most observers would not be very effective.

It is also possible that Taipei might order the seizure of Japanese shipping within the operating radius of the Nationalist Navy, particularly ships bound for Communist China. Chiang Kai-shek has announced his intention to break relations with Japan if the Chinese Communist flag is raised in Tokyo.

Peiping radio has maintained a discreet silence on the subject of the Taipei-Tokyo impasse, although Moscow radio has attempted to exploit the issue by asserting that Chiang Kai-shek's strong stand is the result of American support. The Chinese Communists probably feel that the political gains to be won are important enough for them to remain adamant on the flag issue.

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25X1**CHANGES IN NORTH KOREAN LEADERSHIP**

Kim Il-sung, North Korean premier and party boss, has recently elevated several leading Communists to the party presidium, the first additions to the party's highest ranking organ since the third party congress in April 1956. Most of the promotions have gone to individuals who are believed to have helped Kim put down the

attacks against his policies in the fall of 1956. Their appointments assure continuation of Kim's policies of emphasizing heavy industrial production and combating any liberal tendencies.

The only individual promoted to full membership on the presidium is former alternate

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member and party theoretician, Kim Chang-man, who takes the seat forfeited by the leader of those purged in 1956. As a leading intellectual, Kim Chang-man last year was given the job of eliminating liberal tendencies at the university in Pyongyang.

Two new alternate members of the presidium have been named. One, Han Sang-tu, is director of the organization commission under the central committee. He replaced Kim Sung-hwa as chairman of the Korean Federation of Trade Unions when the latter was implicated in the "antiparty" plot of 1956. The highly placed individuals in this conspiracy had hoped to reverse Kim Il-sung's program of heavy industrialization and divert funds to the manufacture of consumer goods and light industry. Reportedly they also accused the premier of practicing the "cult of the individual," but, after failing to win sufficient support at a central committee plenum, they were denounced and later purged.

Also promoted to alternate presidium membership was Kim Ik-son, the chairman of the control commission under the central committee. Since the control commission has quasi-police powers, its chairman is in an excellent position to support Kim Il-sung in any future purge of opposition elements.

In addition to these changes, Pyongyang announced on 8 March that alternate presidium member Pak Ui-wan had been replaced as vice premier by Minister of Finance Yi Chu-yon, who holds the important party post of chairman of the auditing commission under the central committee. Since Pak has not been identified as an alternate member of the party presidium for six weeks, he probably has lost that position as well. He had previously been relieved of his most powerful post--chairman of the state construction commission, which had been under attack for several months for its inefficiency and backwardness.

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PRO-COMMUNIST LEFT THREATENS UPSET IN LAOTIAN ELECTIONS

The left-wing opposition alliance dominated by the Communist-led Neo Lao Hak Zat (NLHZ) is waging a vigorous electoral campaign in Laos and may emerge the victor in the 4 May elections unless the conservative parties forge a unified slate of candidates and overcome their complacency.

Campaigning for the first time since its recognition in November 1957 as a legal political party and successor to the dissident Pathet Lao, the NLHZ is masking its revolutionary aims by posing as a loyal opposition

supporting established Laotian traditions, the crown, and Buddhism. Conservative spokesmen have failed to sharpen the issues by attacking these NLHZ pretensions, possibly because Prime Minister Souvanna Phouma feels this would be inconsistent with his rationalization of the Pathet Lao settlement terms on the grounds that the Pathets were not Communists but misguided Laotian nationalists.

The NLHZ has a number of strong candidates and, together with its fellow-traveling ally, the National Union party, a

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network of political activists canvassing full-time at the village level. It is also exploiting popular revulsion at corruption in Vientiane, where the ostentatious living and conspicuous consumption of the politicians is in marked contrast to the villagers' need for basic improvements, medicine, and blankets.

The party is also benefiting from the growing instability within the Laotian Government as a result of the impasse in American-Laotian monetary reform negotiations and the suspension of American aid payments. There are indications that left-wing elements are organizing anti-American

demonstrations and that these tensions may be exploited as a campaign issue. Finally, the unified slate of 21 leftist candidates ensures the left against a split in its electoral support.

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If the conservative parties continue to wage a competitive campaign and fail to reduce their present 53 candidates to a unified slate approaching 21, it is quite possible the left-wing alliance might win more than half the contested seats in the 59-member assembly.

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GOVERNMENT PARTY SWEEPS CAMBODIAN ELECTIONS

The personal command of Crown Prince Sihanouk over the government and people of Cambodia was emphatically demonstrated in the sweeping victory of his Sangkum party in the 23 March elections to the 62-seat National Assembly. The party won 61 seats, one seat remaining vacant. The major political and ideological development of these elections, however, was the adoption of an all-out anti-Communist line by the heretofore neutralist Sangkum.

Sihanouk's personal popularity and active support of all Sangkum candidates, even before the election campaign began, virtually assured success to each of the hand-picked men by overwhelming proportions. Even in Kampot, the Cambodian city considered most strongly pro-Communist, the Sangkum candidate won 88 percent of the vote cast.

The ideological position of the Sangkum during the campaign was first stated in early January when Sihanouk personally denounced Cambodian Communists. Although he has continually insisted on Cambodian neutrality in foreign policy and is increasingly irritated by "unsolicited" Western advice and "misunderstanding" of his domestic anti-Communist stand, he nevertheless has sought clearly to identify the close interrelation between Cambodia's internal Communists and international Communism.

The Pracheachon (Communist) party, running only five candidates, three of whom withdrew on the eve of the election, attempted to blur the election issues by its espousal of the Sangkum party and by asserting its loyalty to Prince Sihanouk. Its spokesmen urged voters to ignore party labels and to

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choose representatives on the basis of personal qualities alone. To counter the Pracheachon party, however, the government labeled it the "party of destruction and foreign alliances," associating it with the Viet Minh.

Despite the overwhelming victory of Sihanouk's Sangkum party and the party's strong

anti-Communist ideology, however, the danger of Communist infiltration in Cambodia continues as the government's principal political problem. Among the elected Sangkum candidates, selected with Sihanouk's support, there are now five with known Communist affiliations and one of these is considered the actual leader of Cambodia's Communists.

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DEVELOPMENTS IN CUBA

Tension is mounting in Cuba with the approach of the early April deadline set by rebel leader Fidel Castro for the beginning of the "final phase" of his fight against President Batista. Castro has announced that his forces are invading all of Oriente Province, that they are intensifying action throughout the country, and that a general strike will be called when conditions are ready.

Support for the general strike plan may be growing: student and Catholic youth groups, Castro's National Labor Front, and even the outlawed Popular Socialist (Communist) party have declared their support, but the leader of the powerful Confederation of Cuban Workers has reiterated his opposition to a politically inspired strike. Castro claims many members of the armed forces have responded to his plea to desert and join the rebel movement, and it is probable that some, especially among those stationed in Oriente Province, have actually done so. However, desertion is not believed to have become a serious problem for the government.

Batista is countering Castro's moves by increasing army strength by some 30 per-

cent and by making several changes in top military commands designed to tighten control over the country. He has placed the Havana police force under the direct supervision of the army. He has also attempted to induce defections from Castro's forces by offering a general amnesty and intimating that the revolutionaries, if they lay down their arms, may be given an opportunity to participate in the general elections, which have been postponed from 1 June to 3 November. Batista has further said he would consider favorably any request formally presented by the opposition for UN or OAS supervision of the elections.

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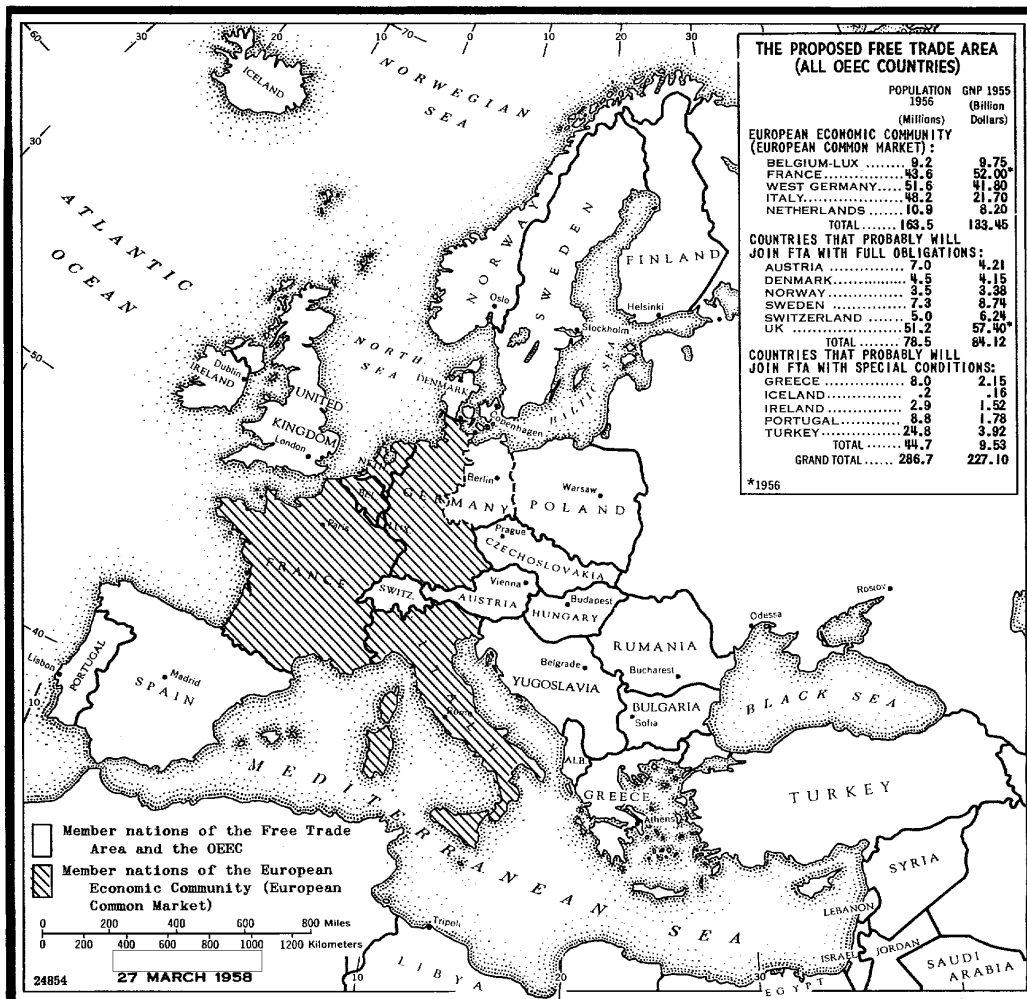
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POSSIBLE BREAKDOWN IN FREE TRADE AREA NEGOTIATIONS

Fundamental differences between Britain and France may cause negotiations for establishing a Western European Free Trade Area (FTA) to link Britain and ten other OEEC countries with the six of the Common Market to break down at the meeting of the Ministerial Intergovernmental Committee on 31 March-1 April.

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Other ECC members, while agreeing that some protectionist concessions will be necessary to secure ratification by the French Assembly, are concerned over the French request for a delay. Some spokesmen for West Germany, Italy, and the Netherlands see in failure to establish an FTA a danger of two rival economic groups arising and hence of a basic political cleavage in Western Europe "from which only the Russians would benefit." Belgium has assumed the role of mediator between France and Britain.

With the approach of the intergovernmental committee meeting, both France and Britain have shown some willingness to make at least tactical concessions to prevent an open rupture. In mid-March, France's chief delegate to the OEEC reported that growing awareness of the French isolation and of the political division of Europe that might result from failure of the negotiations had led both Premier Gaillard and Maurice Faure, secretary of state

for foreign affairs, to switch from opposing to supporting the FTA. France now has agreed to let its original memorandum be adjusted to the views of the other five EEC members.

On the British side, the Foreign Office now seems ready for some concession on the exclusion of agricultural imports from the FTA, a point on which Britain has rigidly insisted heretofore.

At next week's meeting, an ingenious compromise formula submitted during the last few days by Italy has raised the possibility that progress may be made on the highly controversial problem of tariff levels on imports passing through other FTA countries into EEC countries. Britain and France, however, still remain so far apart in their basic views of the proper scope and function of an FTA that little substantive progress is to be expected at this time.

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AUSTRIA PURSUING MORE ACTIVE FOREIGN POLICY

The Austrian Government is pursuing a more active foreign policy than has been the case since passage of its neutrality law in 1955. Top government officials have scheduled trips to Moscow and other world capitals during the year and Chancellor Raab is again demonstrating an interest in playing the role of mediator of East-West problems. For the first time, the coalition Socialists are

receptive to various "disengagement" proposals which Austria might support.

The new trend is exemplified in the preparations for the visit to Moscow of Chancellor Raab, Vice Chancellor Pittermann, and other high officials--recently rescheduled for July. The chancellor has publicly denied speculation that he intends to act as "messenger boy" between

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Achieving the main purpose of the July visit to Moscow--a possible reduction in reparations deliveries--has long been seen by Vienna as related to larger East-West developments. Many Austrian officials believe the agreement on the Austrian state treaty prepared the way for the last Geneva conference. They now feel that Moscow will ask Austria for no major concessions in return for a reparations reduction, but will be content to demonstrate again--at a time when another summit meeting is being discussed--the value of friendly negotiations. In the meantime, Vienna is unlikely to risk offending the USSR on such minor issues as allowing international Communist meetings to convene in Vienna.

The government's initial position that Austria should take no stand on such disen-

agement proposals as the Rapacki plan appears, moreover, increasingly under challenge.

Socialist party's foreign policy expert, State Secretary Bruno Kreisky, has declared his interest in the Rapacki plan as "a starting point" and has added suggestions for its geographical extension and for inspection procedures drawn from Vienna's postwar occupation experience.

None of these developments suggests any real change in Austria's pro-Western orientation. Vienna is actively participating, for example, in the free trade area negotiations and has recently sounded out Soviet attitudes toward Austrian accession to the Common Market. The desire to show initiative in international affairs, however, may make Vienna's foreign policy seem less predictable than heretofore and, on occasion, may unintentionally lend itself to Soviet purposes.

SOMALIA

Officials in London and Rome are increasingly concerned over the possible expansion of Egyptian influence in Somalia and the economic problems confronting this Italian trust territory scheduled for independence by 1960. The pro-Western Somali leaders already face a serious challenge from pro-Egyptian elements in parliamentary elections to be held within the next few months.

Somalia appears unable to solve its own serious administrative and economic problems; subsidies from Rome now cover

its annual budgetary deficit of about \$6,000,000. The phasing out of direct Italian administration and planned decreases in financial aid would provide an opportunity for increased Egyptian--and ultimately Soviet--influence in the territory.

At a meeting of British and Italian officials in Rome on 3-4 March, it was agreed that the Western nations must take the initiative to prevent deterioration of the Somali situation. Rome agreed, subject to parliamentary approval of

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funds, to continue the annual \$2,000,000 banana subsidy and to shoulder an educational and technical assistance program costing about \$1,000,000 annually. This would account for half the estimated annual deficit.

London, which has a strong interest in Somalia because the trust territory adjoins Kenya and the British protectorate of Somaliland, claims that it does not have the financial

assistance to Somalia. Egyptian or Communist domination of Somalia, however, would threaten British overflight and aircraft refueling rights in the area, lead to the spread of subversion into the British protectorate, and threaten London's defense and economic interests there.

The British also fear Somalia would be used as a center for subversion against British interests in East Africa and that further conflict might develop between Ethiopia and Somalia over their disputed boundary.



resources to continue its annual assistance of about \$6,000,000 to its own protectorate and give more than technical

In Mogadiscio, pro-Western Somali leaders fear that pro-Egyptian elements will take advantage of forthcoming elections to increase their influence. These leaders had hoped to postpone elections until late 1958 because of the present internal party conflict over tribal matters. The Italian administration, however, intends to dissolve parliament in May and to schedule elections for August, and reportedly plans to start a withdrawal of Italian personnel if the elections go well. It contemplates that only a skeleton Italian staff will remain in Somalia until 1960.

CONSTITUTIONAL CRISIS THREATENS UGANDA

A constitutional crisis threatens Uganda, an East African protectorate of Britain, because of separatist demands by officials of the key province of Buganda and growing African agitation for faster political evolution. Rejection by the Buganda legislature on 19 March

of a British proposal fundamental to orderly political advancement in Uganda may lead to a delay in London's plan to develop the area into a single independent state in a few years.

A British plan for direct election of 18 of the 33 African

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PART III

PATTERNS AND PERSPECTIVES

SOVIET ATOMIC ENERGY ASSISTANCE PROGRAMS ABROAD

The USSR is trying to establish itself as the world leader in peaceful uses of atomic energy through an extensive program of atomic aid to Sino-Soviet bloc countries and offers of assistance to free world countries, as well as through domestic development. The satellite nations are receiving material and technical aid in exchange for raw materials. Most Soviet offers of assistance elsewhere have not been accepted. The only significant aid to date outside the bloc has gone to Yugoslavia and Egypt, where research reactors and associated equipment are being installed. These Soviet offers have usually been made on a bilateral basis, although the USSR is showing increasing interest in working through international agencies.

Aid to the Bloc

In January 1955, the USSR, in its first significant move toward atomic aid for the satellites, offered information, materials, and equipment to several bloc countries to aid them in developing atomic energy for peaceful purposes. At a meeting in Moscow the following April, delegates from Communist China, Poland, Czechoslovakia, Rumania, and East Germany negotiated formal atomic aid agreements with the Soviet Union. Similar agreements with Hungary and Bulgaria were negotiated a month later. One condition of the agreements is that the aid recipients supply the USSR with uranium ores.

This aid program is slowly being carried out. Rumania, Czechoslovakia, and East Germany now have in operation 2,000-kilowatt research reactors received from the Soviet Union, and reactors will soon be oper-

ating in Poland, Hungary, and Bulgaria. Installation of China's reactor--a seven-megawatt, heavy-water type, considerably larger than the model supplied the European satellites --was scheduled for completion by the end of 1957; Peiping announced on 7 March 1958 that the reactor and a 25-million-volt cyclotron are "basically complete."

Moscow has expanded the aid program in some satellites from the research-reactor phase to promises to aid in the construction of nuclear power reactors. Hungary and Rumania have announced that the USSR will give such aid during 1960-61. Soviet and East German officials met in Moscow in July 1956 and shortly thereafter announced an agreement according to which the USSR would set up in East Germany an atomic power station of 100,000-kilowatt capacity; construction of this installation is now under way. Radioisotopes have been sent to all bloc countries.

A bloc-wide research organization called the Joint Nuclear Research Institute, established in Moscow in mid-1956, is attended by a large number of scientists from all bloc countries. The USSR claims that during 1957, it trained 500 foreign specialists, most of whom presumably came from the bloc. The USSR provides nearly half the funds to support the institute, and the rest is supplied by the satellites. Some satellite scientists, however, have said they would rather have the money available at home for research of their own choosing.

Aid Outside the Bloc

The Soviet Union in 1956 began extending offers of atomic

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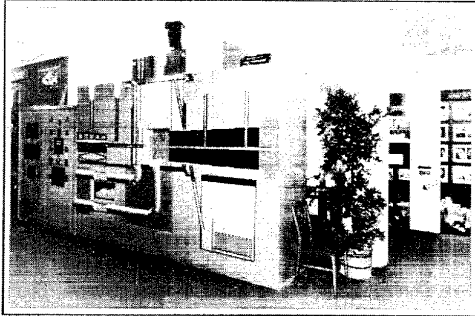
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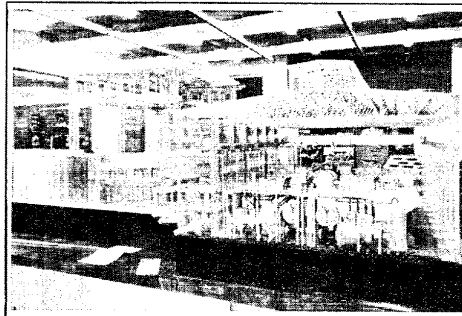
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SOVIET DISPLAYS AT SWEDISH FAIR, MAY 1956

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Model of Reactor Control Panel



Model of 200-megawatt Atomic Power Station

aid to nations outside the bloc. In some cases, these have been little more than offhand promises made, apparently for propaganda purposes, by traveling Soviet dignitaries. Moscow has, however, offered to supply Yugoslavia and Egypt with research reactors, laboratory equipment, and technical training.

The agreement between Yugoslavia and the Soviet Union, signed in Belgrade on 28 January 1956, provides for general cooperation and exchange of experience in the field of atomic energy and for construction in Yugoslavia of a nuclear reactor with a thermal capacity of 6,500 to 10,000 kilowatts. The USSR is to give scientific and technical aid in planning and constructing the reactor, which reportedly should be completed this fall, and will provide necessary equipment and nuclear fuel at prevailing world market prices.

The agreement with Egypt was concluded in February 1956 in the face of direct competition with American firms. Moscow promised to assist in establishing and equipping a nuclear physics laboratory in Cairo and in carrying out work in peaceful uses of atomic energy. An atomic research center near Cairo will be provided with a 2,000-kilowatt research reac-

tor, a 3,000,000-electron-volt cyclotron, and other apparatus. Egyptian scientists and specialists are attempting nuclear research establishments in the Soviet Union.

Soviet proposals of aid elsewhere in the free world have generally been tailored to the capabilities of the intended recipient. In some instances, the offers appear designed to ensure the continuing presence of Soviet technicians in the countries involved. However, the bulk of the offers consists of furnishing scholarships and/or radioisotopes to underdeveloped nations. As the capabilities of these countries increase, the USSR may offer to construct nuclear power stations.

To date, few Soviet offers have been accepted by free world countries, largely because of a preference for American or possibly future UN programs. In some countries, such as Burma and Indonesia, students selected over a year ago to go to the Soviet Union are still awaiting final arrangements. In other countries, such as Iran, Thailand, Greece, and Mexico, offers of scholarships in the USSR, most of them made in mid-1956, either have been rejected or have not been acted on for fear that acceptance would rule out any chance to obtain similar bids from the United States.

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The Soviet Union has not yet given any specific atomic aid to India, although an atomic reactor, auxiliary nuclear equipment, and necessary technical assistance for installation were offered during the Moscow Conference on Peaceful Uses of Atomic Energy in July 1955. Nehru, at the opening of an Indian-built reactor at Bombay in January 1957, stated that the Soviet offers would be followed up. On 27 February 1958 he said India is "studying" a Soviet proposal to train students from friendly, underdeveloped countries in the peaceful uses of atomic energy.

Soviet offers in the free world have not been limited to scientifically backward countries. In early 1956, the USSR offered Norway ten kilograms of 2-percent-enriched uranium and 50 to 100 kilograms of zirconium and urged an expansion of scientific exchanges in the nuclear field, including Norwegian participation in the work of the Joint Nuclear Research Institute. Since then, Moscow has offered more highly enriched uranium in amounts greater than ten kilograms; the Norwegians would be allowed to keep the plutonium derived from use of the uranium fuel. It is not known if the Norwegians have accepted this offer. A reactor was offered to Austria as a gift with the provision that Soviet operators remain indefinitely with the installation; this offer was refused. Japan, too, has been offered research reactors, fuel, and technical aid if formal agreements regarding technical interchange can be concluded.

The USSR has, on several occasions, displayed an exhibit on peaceful uses of atomic energy in free world countries, mainly in South and Southeast Asia, where its propaganda impact would be greatest. A permanent Soviet exhibit is to be set up this year in Djakarta.

International Organizations

The most notable Soviet nuclear cooperation efforts through international agencies have appeared in the International Atomic Energy Agency (IAEA), an outgrowth of President Eisenhower's Atoms for Peace Plan inaugurated last August. The USSR, the first to ratify the IAEA statute, has pressed hard for appointment of Soviet nationals to top positions in the agency, and has succeeded in having one appointed deputy director for training and information. A Polish national has been given a temporary appointment as director for personnel. Moscow has suggested that the post of director general, now held by former Representative W. Sterling Cole of New York, be rotated among the leading powers. The USSR was unsuccessful in efforts to have invitations extended to the Moscow and East German Institutes of Nuclear Physics to attend the 1957 general conference of IAEA as observers.

In addition to offering uranium to the agency, the USSR has offered scholarships for students--including 50 from underdeveloped areas--and the Soviet Union has advanced training for specialists in isotopes and other nuclear fields. At a meeting on 10 March 1958 of the IAEA Executive Board, the USSR recommended prompt establishment of assistance programs for underdeveloped nations, particularly in isotopes, training, and exchange.

The USSR has also participated actively in the atomic energy programs of UN specialized agencies and has urged the formation of nuclear energy working groups under UN auspices. In October 1957 the Soviet delegate to UNESCO submitted a request from the Soviet Youth Organization for UNESCO cooperation on a project for peaceful uses of atomic energy. Two

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months later the Soviet delegate unsuccessfully proposed enlargement of that organizations' atomic energy work. The USSR through UNESCO has offered Syria five scholarships for study of nuclear physics in the Soviet Union which have not yet been accepted.

In May 1957, the USSR proposed the formation of an Atomic Energy Committee under the UN Economic Commission for Europe (ECE) to further the exchange of scientific and technical experience and joint development of nuclear energy for peaceful purposes. A decision was postponed until the 1958 session. An earlier Soviet proposal had called for the establishment of a European regional committee within the ECE to study the economic aspects of peaceful uses, with scientific information exchange between the Joint Nuclear Research Institute in Moscow and

the European Center for Nuclear Research located in Switzerland.

At the February 1958 conference in Malaya of the Economic Commission for Asia and the Far East (ECAFE), Soviet delegates offered nuclear aid for that area and proposed creation of a standing committee to deal with peaceful uses of atomic energy.

In April 1957 the USSR returned to the World Health Organization (WHO) after an eight-year absence and now is seeking an active role in the agency, including election to the Executive Board. WHO is interested in negotiating an agreement with the International Atomic Energy Agency for joint research on the health aspects of radiation.

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(Prepared by OSI)

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RECENT UNITED-FRONT TACTICS OF LATIN AMERICAN COMMUNIST PARTIES

Latin American Communist parties have displayed considerable flexibility in applying their traditional united-front tactics to the large number of elections held since 1956, and they apparently are planning to exploit this device in this year's elections, particularly in Chile and Brazil. As employed by Communists in Latin America, the united-front device is often simply an election arrangement with one or more political groups. Targets for such Communist overtures include not only Socialist parties, as in Ecuador and Uruguay, but a variety of parties that are either left of center or nationalistic, as in Argentina,

Brazil, Peru, Chile, and Guatemala. In some instances, non-Communist groups may have initiated the bargaining for Communist support.

The illegal status of most Communist parties in the hemisphere has not been a serious handicap to such political deals, although the Communist parties are usually not accepted as public partners in political groupings. There are a number of recent instances--in Brazil, Ecuador, Argentina, Costa Rica, and Peru--in which non-Communist parties have tacitly accepted Communist electoral support, but the nature of the quid pro quo, if any, has not been identified.

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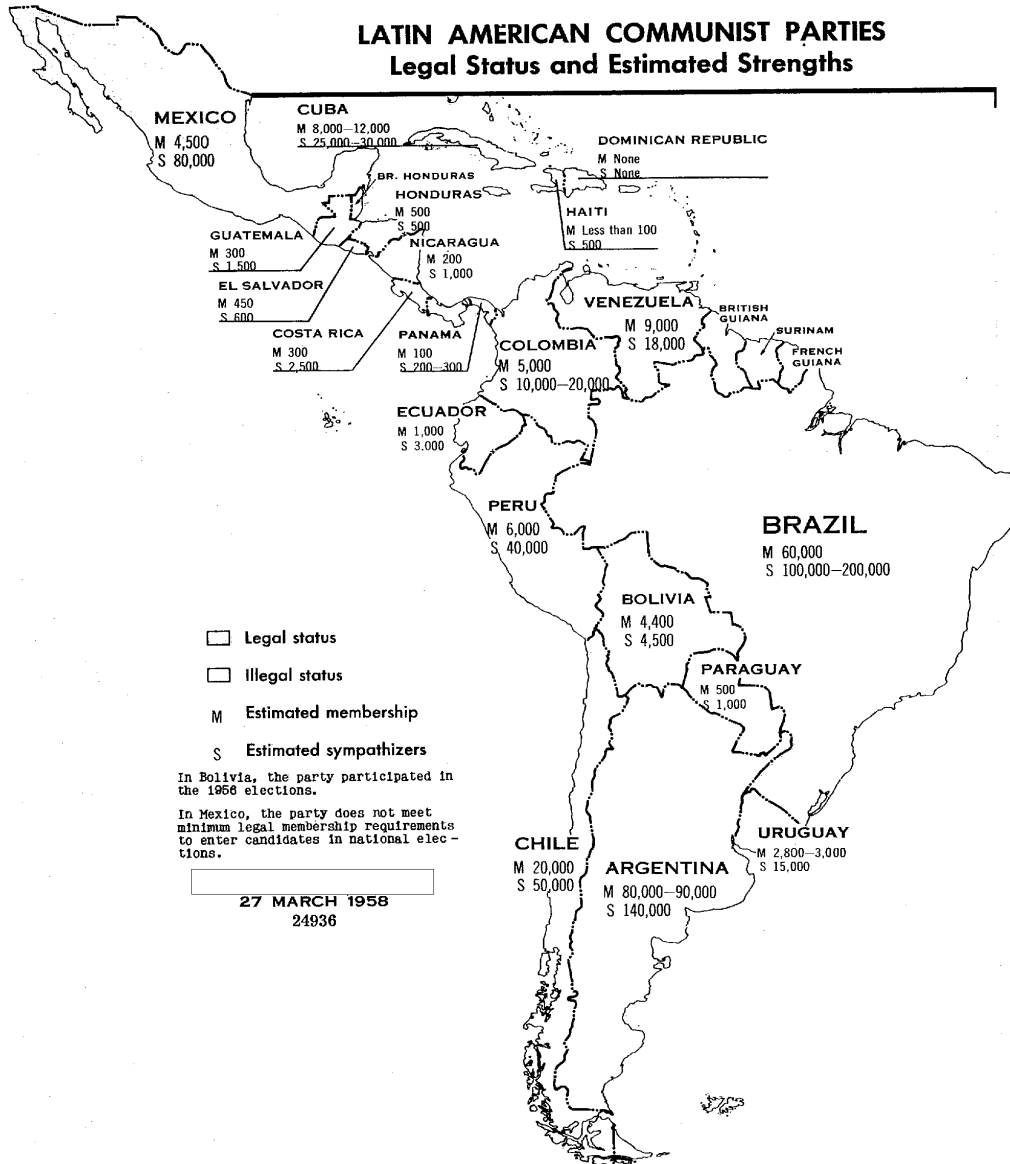
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Communist objectives in seeking election agreements, covert or overt, vary considerably according to the immediate situation, but generally include the following: to win greater prestige and respectability for the party; to promote a legal status for the party, if outlawed, or to forestall possible government action against the party, if

legal; to infiltrate non-Communist parties and the government; to gain an opportunity to run some Communist candidates on the slate of a legal party; and to further Soviet political and economic objectives in the hemisphere through association with influential and victorious political groups.

Recent Latin American Communist activity probably reflects

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the increasing importance which the USSR has placed on the united-front tactic, as a parallel policy to peaceful co-existence, since the Soviet 20th party congress in early 1956. Stress on this policy has been evidenced in Khrushchev's speeches and also by the WFTU program of united action of all unions announced at its October meeting in Leipzig, which was attended by a sizable Latin American representation.

An effort is under way to improve coordination among Latin American Communist parties; it was probably inspired by the sessions of their representatives in Moscow last fall at the time of the 40th anniversary celebration of the October revolution. A discussion of political and labor experiences, including application of the united-front tactic, may be a principal item on the agendas of the scheduled congresses of Middle American party leaders at Mexico City this month and of all Latin American parties at Buenos Aires this summer.

The major Communist success with the united front in Latin America in recent years has been in Venezuela, with Colombia and Chile at present offering favorable prospects. In certain other countries, however, Communist efforts for electoral agreements have produced limited or transitory results. In Guatemala, for example, Communist efforts to infiltrate the leftist Revolutionary party (PR), which won over 25 percent of the vote in the January presidential elections, have apparently been checked by an increasing awareness among PR leaders of the dangers of a Communist alliance.

On the other hand, in applying the united front to organized labor, the Communists have chalked up considerable gains in Chile and most notably

in Uruguay, where they control the larger of the two principal labor confederations and have penetrated or influenced some elements in almost all important sectors of labor. They have also had some success with labor "unity" in other countries such as Venezuela, Brazil, Argentina, Guatemala, and Nicaragua.

Venezuela

Venezuela is the only Latin American country in which the Communist party (PCV) is participating in a political coalition of all parties. The Patriotic Front, organized clandestinely in the summer of 1957 with Communist support and the participation of the three other major parties, played an important role in the overthrow of dictator Perez Jimenez in late January. The front now appears to be the principal instrumentality through which the interim governing junta will coordinate its policies with civilian elements during the scheduled 18-month transitional period before the restoration of constitutional government.

By virtue of its membership in the front, the PCV has already gained considerably in prestige and may obtain legal status, which is seemingly favored by leaders of the other three parties in the front. Even now, however, Communist leaders who have returned from exile or have been released from prison are operating without legal restrictions.

The front's program of political unity, which offers the Communists a wedge for penetration of local and central governments, is endorsed by all four parties and in the forthcoming elections may lead to an allotment of seats to each party in the Congress, state legislatures, and municipal councils. If such an arrangement is agreed on, the PCV may be

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expected to receive a share of the seats, although probably the smallest among the four parties. Moreover, a program for a unified labor movement, also endorsed by all parties, appears to guarantee the Communists an overt association with non-Communist labor unions and organizers.

Colombia

The Colombian Communist party (PCC) is working on reorganization and rejuvenation in light of the legal status it has acquired through the blanket nullification of decrees promulgated by the former dictatorship. The PCC is believed to be the principal organizing force behind the People's Liberal Front (FLP)--a coalition of Communists and their sympathizers, leftist Liberals, intellectuals, and guerrilla elements.

This is the first Communist attempt to apply the front tactic in Colombia since an abortive effort in 1951-52 and is probably one of the principal devices through which the PCC will attempt to participate in the government over the next 12 years, under the constitutional provision which established parity between the Liberal and Conservative parties during that period to the exclusion of all other parties.

Chile

The Chilean Communist party (PCCh), one of the best organized parties in Latin America although technically illegal, is actively campaigning for the left-wing Socialist presidential candidate, Salvador Allende, in the September elections. Victory for Allende, whose chances are almost as good as those of any other candidate in the race, would probably mean that the PCCh would be legalized and its members permitted to vote openly and

to participate in the government, as they did in 1946 when the party backed the victorious presidential candidate.

The PCCh's campaign activity is to a large extent carried out through the Popular Action Front, a Communist-promoted and -controlled coalition of leftist parties, and through the Communist-dominated Single Labor Central of Chile, Chile's only important labor confederation. The PCCh has been extremely successful in the promotion of front movements since 1938, when it played a key role in the formation of the Popular Front, which elected three successive Radical presidents.

Argentina

The legal Argentine Communist party (PCA) has generally been unsuccessful in its repeated efforts to promote united fronts under various names since the early 1950's. After all major parties rejected wholesale Communist overtures for a "national democratic front" in the presidential elections of 23 February, the PCA announced its support of Arturo Frondizi, victorious candidate of the Intransigent Radical party (UCRI). Frondizi tacitly accepted the Communist backing, but there has been no substantiation of accusations that he made a covert agreement with the PCA.

As a result of its public activities on behalf of the UCRI, the PCA has probably gained a measure of prestige. The party hopes it can thereby counteract pressure to disqualify it as a legal electoral group and capitalize on Frondizi's nationalistic economic views to increase trade with the Soviet bloc and impede any rapprochement with the United States. On the other hand, the PCA seems to lack the necessary bargaining power to effect an alliance with any major political party, in spite of its reported sharp

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increase in membership since early 1957.

Brazil

The illegal Brazilian Communist party (PCB) has traditionally advocated a united front and officially reaffirmed this policy at its last national congress in 1954. During the past year the Communists have increasingly stressed this view, although a top party official defected allegedly because the party leadership had failed to emphasize this tactic adequately.

Having had little past success--and with little prospect for success in the future--in establishing open alliances with other political factions, the PCB frequently makes covert

election arrangements at the local level in an effort to gain support for legal status, respectability, and occasionally the right to run some Communists on the ballots of legal parties. In 1957, for example, the party collaborated with the governor of the state of Sao Paulo and supported the latter's unsuccessful candidate in the mayoralty race in the capital. In 1955 the Communists backed President Kubitschek's candidacy, gaining considerable prestige for a brief period after his inauguration. The PCB is now working actively in Sao Paulo to promote a united front for the October congressional and gubernatorial elections, and the party will probably make similar efforts in other parts of the country.

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COMMUNIST STRENGTH GROWING IN INDIAN LABOR MOVEMENT

The influence of Communist-controlled labor unions in India has been growing, while that of unions controlled by the Congress party has declined. Increasing unemployment and rising prices have contributed to this development, but the government's ill-conceived labor policies have been the major factor. Unless these policies are revised in the near future, the Communists may become the dominant influence in the labor movement, particularly among government employees and among workers in the key heavy industries being established under India's industrialization program.

Structure of Labor Movement

Indian labor unions, organized and controlled by po-

litical parties, have tended to place party objectives ahead of workers' welfare. The first national trade union federation, the All-India Trade Union Congress (AITUC), was organized soon after World War I chiefly to enlist the support of the working class in the struggle for independence. Although AITUC was not officially affiliated with any political party, it was controlled largely by Congress party leaders until World War II, when the Communists gained control following the jailing of the Congress leaders who refused to support Britain's war effort.

The Congress party leaders decided when India became independent in 1947 that the Communists were too well entrenched in AITUC to be removed quickly,

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so they established the Indian National Trade Union Congress (INTUC) with the few remaining Congress-controlled unions in AITUC. The socialist-controlled unions also left AITUC and formed the Hind Mazdoor Sabha (HMS). These moves were followed in 1949 by the establishment of the United Trade Union Congress (UTUC) by a group of Trotskyite and other extreme leftist parties.

Within a few years INTUC was able to displace AITUC as the largest labor federation, partly because of the financial aid supplied by the Congress party and the favoritism shown it by the government, but even more because of the policy of violence adopted by the Communist party soon after independence, in line with the general Communist policy in Asia at that time. Most of the Communist leaders were jailed and the workers realized that the Communists placed the welfare of the party above that of the workers. Despite the fact that the Communists ended their terrorist tactics by 1951 and their leaders were released from jail, they had so damaged themselves that they could make little headway for several years.

The government occasionally investigates the union's exaggerated claims of membership and issues official figures which are somewhat more accurate. The government's last release showed the following as of 31 March 1955:

INTUC	--	931,968
AITUC	--	306,963
HMS	----	211,315
UTUC	----	195,242
Total	--	1,645,488

There are about a million workers in such fields as railways, government, banks, and posts and telegraphs whose unions are not formally affiliated with any of the major federations.

While all federations have affiliated unions in various industries, their relative strengths vary from industry to industry. INTUC's strength is concentrated in cotton textiles, leather tanning, plantations, and steel in the states of Bihar, Bombay, Uttar Pradesh, and Assam. HMS's strength--chiefly among transport, government, chemical, and oil workers--is concentrated in Madras and eastern India. AITUC has its greatest strength in South India and West Bengal--but is not the dominant union in any one industry. UTUC draws a large part of its strength from port workers in West Bengal and Kerala.

Since the last official figures on membership were released, the Congress-controlled unions have been losing ground to the Communists. Food prices have been rising since late 1955, wages have increased little, and unemployment has grown. Even if the Second Five-Year Plan (1956-61) is successfully carried out, it will provide work for only 8,000,000 of the 10,000,000 people who will enter the labor force during the plan period.

INTUC Weaknesses

INTUC's major difficulty stems from the nature of trade unionism in India, the relationship between the INTUC and the Congress party, and the government's labor policies. Many of the workers have only recently left their villages and have yet to adjust to urban life, much less to the idea of trade unionism. The workers have little bargaining power vis-a-vis their employers because of the large number of unemployed. They also are generally too uneducated to run their own unions and too low on the caste scale to deal directly with employers, so the leaders must come from outside.

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Thus most labor leaders are intellectuals from the political parties. Their ties with the workers are weak and they give only part of their time to unionism. The unions are often too poor to employ enough organizers and staff to serve the workers adequately, although the Communists apparently are making rapid strides in this respect and some of the other unions are raising dues and enlarging their staffs. INTUC's close tie with the Congress party has become a liability as the Congress has declined in popularity and the Communist unions have been stressing economic rather than political issues.

In addition, INTUC has suffered because of the government's harsh labor policies. In order to reduce the loss of output through strikes, arbitration has been made compulsory and labor courts have been set up. The arbitration procedures and labor courts are extremely slow, however, and disputes often take several years before a final decision is rendered.

The government's labor policy toward its own employees has been highly paternalistic and authoritarian. Needing all the resources it can acquire to carry out the Second Five-Year Plan, it has been unwilling until faced with threatened strikes even to consider granting any significant wage raises as the cost of living has risen. The government usually appoints a commission which takes at least a year to examine the workers' claims, and then it often refuses to carry out the recommendations of the commission.

Such tactics have resulted in a continual decline in INTUC's strength among government employee unions, for INTUC has been obliged to support such policies despite their unpopularity with the workers. De-

spite declining INTUC influence, the government has continued to favor INTUC unions, even to the point of dealing with INTUC unions when they represent fewer workers than other unions, thus increasing worker resentment.

Growing Communist Threat

As a result of such policies, INTUC has been losing ground to AITUC except in South India, where, under energetic and somewhat independent leadership, INTUC has made noticeable progress during the past year. While AITUC is still far below INTUC in total strength, the combination of growing Communist strength and declining INTUC influence has given new impetus to the Communists' already intense efforts to become the dominant labor organization in India.

The greatest Communist threats appear to be among government workers and in the state-owned heavy industrial complex that is developing in eastern India. Government employees, particularly in the railway and post and telegraph unions, are reportedly bitter toward the government for pushing through Parliament in 1957 a bill outlawing strikes which forced them to cancel a strike threat and accept a government offer to appoint a commission to look into their demands. This commission has done virtually nothing to date.

An equally serious threat appears to be developing in the emerging state-owned heavy industries. So far the government seems to have given little thought to the labor policies it will adopt when the new steel and heavy machinery factories begin operations. If it attempts to deal only with INTUC unions, it probably will face widespread worker resentment which the Communists would be ready to exploit. If it outlaws trade unions in these plants--as it

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already has at one large locomotive factory in West Bengal--it probably will prevent the development of sound management-employee relations and increase Communist political influence among the workers.

Some members of the Indian Government are becoming aware that the government's labor policies are contributing to the rise of AITUC and the decline of INTUC. In addition, some of the younger INTUC leaders want the organization to become more independent of the Congress party and to merge

with HMS so they can meet the growing Communist threat. The government and labor officials who hold these views are still in the minority, however, and they have been unable to win high-level support. While Prime Minister Nehru is reportedly worried about the decline of INTUC's influence, he still is concerned primarily with pushing the Second Five-Year Plan to completion and is unlikely to adopt more liberal labor policies or allow INTUC greater freedom. Therefore, a continued growth of Communist strength in the labor movement appears likely.

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